

Message Text

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11

ACTION EA-14

INFO OCT-01 EUR-25 NEA-10 ISO-00 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 INT-08 SCEM-02 AID-20 COME-00

EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06

SIL-01 OMB-01 DRC-01 /200 W
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R 040910Z JAN 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9041

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY SOFIA

AMEMBASSY TEHRAN

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY BEIRUT

C O N F I D E N T I A L TOKYO 0075

BEIRUT PASS BAGHDAD

E.O. 11652: GDS

TAGS: ENRG, ETRD, JA, IR, IZ, BU

SUBJ: NAKASONE VISIT TO IRAN, IRAQ, UK AND BULGARIA

SUMMARY: MITI MINISTER NAKASONE WILL LEAVE JANUARY 7 FOR VISITS TO TEHRAN, LONDON, SOFIA AND BAGHDAD. IN TEHRAN, NAKASONE EXPECTED TO SUPPORT SHAH'S CALL FOR OECD-OPEC MEETINGS AND TO DISCUSS GOJ CREDITS FOR LARGE REFINERY PROJECT. DISCUSSIONS WITH BRITISH WILL INCLUDE JAPANESE INVESTMENT (ESPECIALLY IN NORTH SEA OIL), THE EAG AND SHAH'S PROPOSAL, AND OIL SITUATION IN GENERAL. NAKASONE REPORTEDLY HOPINT TO REACH UNDERSTANDING IN BAGHDAD ON AN ECONOMIC COOPERATION
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AGREEMENT PAVING WAY FOR INCREASED IRAQI PETROLEUM EXPORTS

TO JAPAN. END SUMMARY.

1. MITI MINISTER NAKASONE LEAVES JANUARY 7 ON FOUR-COUNTRY VISIT WHICH BY ALL INDICATIONS WILL CENTER ON OIL PROBLEMS AND OIL-RELATED JAPANESE ASSISTANCE PROJECTS. NAKASONE WILL VISIT IRAN (JANUARY 7-10) BRITAIN (10-12), BULGARIA (12-14) AND IRAQ (14-17). MIDDLE EAST PORTION OF TRIP BEING VIEWED IN JAPAN AS FIRST OF SERIES OF FOLLOW-UPS TO VISIT OF DEPUTY PM MIKI IN ORDER TO GET DOWN TO SPECIFICS AND CONSOLIDATE WHAT JAPANESE VIEW AS FOREIGN POLICY GAINS MADE BY MIKI.

2. ALTHOUGH SHAH WILL APPARENTLY NOT BE IN TEHRAN DURING VISIT, MITI SOURCES EXPECT NAKASONE WILL DISCUSS WITH IRANIAN OFFICIALS SHAH'S RECENT PROPOSAL FOR OECD-OPEC MEETINGS AND WILL QTE TAKE OCCASION TO MAKE SOME AFFIRMATIVE RESPONSE UNQTE. IN TEHRAN, NAKASONE ALSO EXPECTED TO DISCUSS JAPANESE COOPERATION IN CONSTRUCTION OF LARGE-SCALE (500,000 B/D) PETROLEUM REFINERY, WHICH WOULD EXPORT TO JAPAN. JAPANESE ARE WELL AWARE THAT IRANIANS ARE UNHAPPY WITH SLOW PACE OF JAPANESE CONSIDERATION OF REFINERY PROJECT AND FORMATION OF NATIONAL CONSORTIUM TO HANDLE IT. ACCORDING PRESS REPORTS, IRANIAN GOVT HAS TOLD GOJ THAT IF IT DOES NOT PROMISE EXTEND NECESSARY CREDITS AND TO REDUCE PETROLEUM PRODUCT TARIFFS TO LEVEL THAT WOULD MAKE IRANIAN PRODUCT EXPORTS TO JAPAN FEASIBLE BEFORE END OF FEBRUARY, IRAN WILL NOT GUARANTEE CRUDE OIL TO REFINERY EVEN IF IT IS BUILT. NAKASONE IS REPORTEDLY READY TO PLEDGE \$200-\$300 MILLION IN GOJ FINANCING FOR REFINERY DURING VISIT AND TO PROMISE MORE POSITIVE JAPANESE COOPERATION IN OTHER JOINT INDUSTRIALIZATION PROJECTS. MITI SOURCES ADD THAT NAKASONE WILL ALSO DISCUSS LIST OF INDUSTRIAL RAW MATERIALS THAT GOJ HAS REQUESTED FROM JAPAN (SEE STATE 250342 AND TEHRAN 9155). NAKASONE, SOURCE SAID, WILL BE ABLE TO MAKE QTE SOME SUGGESTIONS UNQTE ON EXPORTABLE QUANTITIES OF CERTAIN ITEMS ON LIST, BUT EXPORTS OF OTHER (UNSPECIFIED) ITEMS WILL BE LIMITED IN VIEW OF CURRENT MARKET SITUATION IN JAPAN. NAKASONE WILL ALSO DISCUSS NEW OIL CONCESSION AREAS WHICH IRAN WILL REPORTEDLY SOON BE PUTTING UP FOR BID, ACCORDING IRANIAN EMBASSY IN TOKYO.

3. BRITISH EMBASSY SOURCES TELL US THAT NAKASONE WILL SEE PM
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HEATH, SECRETARY OF STATE FOR TRADE AND INDUSTRY WALKER, MINISTER OF INDUSTRY BOARDMAN AND OTHER TOP LEVEL OFFICIALS DURING HIS STAY IN LONDON. AGENDA, ACCORDING BRITISH EMBASSY DIVIDED INTO THREE PARTS:

A) INVESTMENT - NAKASONE WILL BE CONCENTRATING ON DISCUSSION OF INVESTMENT IN NORTH SEA OIL WHILE UKG, ACCORDING TO BRITISH EMBASSY, WILL BE SEEKING PUT INVESTMENT IN NORTH SEA IN BROADER CONTEXT OF TOTAL NEW JAPANESE INVESTMENT IN

UK. JOINT RESOURCE DEVELOPMENT PROJECTS IN THIRD COUNTRIES
WILL ALSO BE DISCUSSED.

B) WORLD OIL SITUATION - ENERGY ACTION GROUP WILL BE DIS-
CUSSED AS WILL SHAH'S PROPOSAL FOR OECD-OPEC MEETINGS. PRESENT
AND FUTURE OIL PRICE PROBLEMS, AND INTERNAL MEASURES EACH
SIDE TAKING TO ADJUST TO PRICE INCREASE ALSO SLATED FOR DIS-
CUSSION.

C) BILATERAL TRADE PROBLEMS AND GATT NEGOTIATIONS -
BRITISH EMBASSY STILL SOMEWHAT UNSURE OF WHY NAKASONE WISHES
VISIT LONDON AT THIS TIME, PARTICULARLY SINCE MINISTER CHATA-
WAY DUE IN TOKYO WITHIN TWO WEEKS FOR DISCUSSION OF NORTH SEA
AND JAPANESE INVESTMENT IN UK.

4. VISIT TO SOPHIA WILL BE ALMOST ENTIRELY CEREMONIAL (TWO
DAY VISIT FALLS ON SATURDAY-SUNDAY;) HOWEVER, ECONOMIC
COOPERATION ISSUES MAY BE DISCUSSED, ACCORDING MITI.

5. BAGHDAD STOP EXPECTED BY MITI SOURCES TO FOCUS ON JOINT
PROJECTS, INCLUDING PG PLANTS. PRESS REPORTS THAT NAKASONE
WOULD LIKE TO REACH BASIC UNDERSTANDING ON AN ECONOMIC-TECH-
NICAL COOPERATION AGREEMENT IN ORDER TO OPEN WAY FOR WHAT
JAPANESE HOPE WILL BE IRAQI AGREEMENT TO SUPPLY 100 MILLION
KILOLITERS OF OIL OVER NEXT TEN YEARS AND 30 MILLION TONS
OF LPG OVER NEXT FIFTEEN YEARS.

6. COMMENT: FACT THAT HIS TRIP COINCIDES WITH PM TANAKA'S
VISIT TO SOUTHEAST ASIA WILL PROBABLY MEAN NAKASONE WILL BE
WORKING OVERTIME TO ENSURE PUBLICITY SPOTLIGHT STAYS ON HIM.
SHOESMITH

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